

DRAFT

COMPT 77-1528

The Honorable Jack Brooks, Chairman
Committee on Government Operations
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

This letter is in response to your request for information relating to the practices of the Central Intelligence Agency in acquiring commercial products and services within the purview of OMB Circular A-76.

Officers on my staff have reviewed the detailed and complex issues raised in the questionnaire which accompanied your letter to me; that questionnaire concerned the acquisition or contracting out of commercial products and services by Federal agencies. By agreement with the Office of Management and Budget dating back to the original issue of Circular A-76, the Central Intelligence Agency does not report on its practices in acquiring commercial products and services in the format or manner prescribed by OMB Circular A-76. Nevertheless, the policy of the Agency with respect to the acquisition of commercial products and services is designed to be completely consistent with the intent and purpose of the circular. It is the agreed practice of both the Agency and the Office of Management and Budget that all OMB requirements are levied on the Agency through the National Security Division of OMB, and that CIA provide only such material as that Division of OMB requires. Thus, rather than reporting in the manner prescribed by Circular A-76, this Agency provides classified information on its procurement policies to the appropriate OMB examiner.

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The result of these procedures is that the data that would be required to respond to your questions, which reflect the procedures prescribed in OMB Circular A-76, are not readily available for compilation or review. The procedures necessary to conduct such a review would include discussions with the Office of Management and Budget as to any alterations in the Agency's practices in acquiring commercial products and services, and a contract-by-contract review of all related Agency activities. Such a procedure would involve a substantial investment of manpower and a considerable amount of time. Moreover, due to the sensitive nature of the commercial products and services required by the Central Intelligence Agency, the material that would result from such a review would be highly classified and, to some extent, access to the material would be on a compartmented clearance basis. In other words, even if this information were to be compiled, its handling and disclosure would be subject to the responsibilities of the Director of Central Intelligence to protect against disclosure of information relating to intelligence sources and methods (section 102(d) (3) of the National Security Act of 1947, as amended, 50 U.S.C. 403).

Under these circumstances, I doubt that we could provide any information useful to your study. I am willing, however, to arrange for a briefing of you or your staff, on either a classified or an unclassified basis, on these matters if you feel this would be useful. Mr. George Cary, the Legislative Counsel for the Director of Central Intelligence, has been designated as the contact point for any additional support you might want from this Agency in this regard.

Sincerely,

John F. Blake
Acting Deputy Director

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Officers on my staff have reviewed the detailed and complex issues raised in the questionnaire which accompanied your letter to me; that questionnaire concerned the acquisition or contracting out of commercial products and services by Federal agencies. ⁽¹⁾ The Central Intelligence Agency does not report on its practices in acquiring commercial products and services in the format or manner prescribed by OMB Circular A-76. ⁽²⁾ It is the agreed practice of both the Agency and the Office of Management and Budget that all OMB requirements ~~in this area~~ are levied on the Agency through the National Security Division of OMB, and that CIA provide only such material as that Division of OMB requires. Thus, rather than reporting in the manner prescribed by Circular A-76, this Agency provides classified ~~information~~ reports on its procurement policies to the appropriate OMB examiner, ~~in the format most useful for such review.~~

The result of these procedures is that the data that would be required to respond to your questions, which reflect the procedures prescribed in OMB Circular A-76, ^{are} ~~is~~ not readily available for compilation or review.

The procedures necessary to conduct such a review would include discussions with the Office of Management and Budget as to any alterations in the Agency's practices in acquiring commercial products and services, and a contract-by-contract review of all ^{related} Agency activities, ~~in this area, since each contract presently is known only in terms of the individual operating component with technical cognizance for a given contract.~~ Obviously, such a procedure would involve a substantial investment of manpower resources and ~~would involve~~ a considerable amount of time. Moreover, due to the sensitive nature of the commercial products and services required by the Central Intelligence Agency, the material that would result from such a review would be highly classified and, to some extent, access to the material would be on a compartmented clearance basis. In other words, even if this information were to be compiled, its handling and disclosure would be subject to the responsibilities of the Director of Central Intelligence to protect against disclosure of information relating to intelligence sources and methods (section 102(d)(3) of the National Security Act of 1947, as amended, 50 U.S.C. 403).

Under these circumstances, I doubt ^{that we could provide} ~~there would be~~ any further information useful to your study, ~~which we could provide.~~ I am willing, however, to arrange for a briefing of you or your staff, on either a classified or an unclassified basis, on these matters if you feel this would be useful. Mr. George Cary, the Legislative Counsel for the Director of Central Intelligence, has been designated as the contact point for any additional support you might want from this Agency in this regard.

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John F. Blake
Acting Deputy Director